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SECURITY INFORMATION

US OFFICIALS ONLY

4 June 1952

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**CURRENT INTELLIGENCE DIGEST**

Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

\*Army, DIA and State Dept  
reviews completed\*

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EASTERN EUROPE

1. Czechoslovakia overhauls government personnel policy:

A new supra-ministerial organization is being formed in Czechoslovakia to handle political education of all government personnel stationed abroad, [REDACTED]

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The Ministry outlined a new personnel program for its representatives abroad under which commercial attaches will be responsible for fulfillment by their staffs of new planned work programs in linguistics, economics, and area study. The Ministry also plans to begin "employee tours" to Czechoslovakia "possibly twice a year." [REDACTED]

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Comment: This is apparently an all-out attack on the perennial dilemma of the Czech foreign service, in which the political unreliaables are professionally competent and the political reliables are hacks. Political reliability is the touchstone for a Czech foreign assignment and many posts on all levels are filled at present with "workers' cadre" graduated from short courses in foreign affairs. So far this year seven Czechs, including three commercial attaches and a Legation Charge, have defected.

2. Gheorghiu-Dej appointed Rumanian Premier: Gheorghe Gheorghiu-Dej, Secretary General of the Rumanian Workers' Party, has been appointed Premier of the Rumanian People's Republic. The former Premier, Petru Groza, has been appointed President of the Presidium of the National Assembly, replacing Constantin Parhon. Parhon was relieved of his duties "upon his own request." (R FBIS Paris, 3 Jun 52)

Comment: Gheorghiu-Dej has for some time been considered the real power in Rumania. His promotion to the

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premiership at this time, following a week of unprecedented party shifts and demotions, indicates that his leadership remains unaffected, and that perhaps it has even been strengthened.

Although Premier since 1945, Petru Groza has exercised no real authority in Rumania. Never a Communist, Groza has served only as a figurehead, giving the Communist regime some semblance of legitimacy and continuity. Presumably, he will continue to fulfill this function as President of the Presidium.

3. Further liberalization of Yugoslav economic policies reported: American Embassy officials in Belgrade have been informed that recent discussions among Yugoslav Communist leaders have resulted in a victory for the faction favoring economic "liberalization." Details are not yet available, and the Embassy is not able to confirm the report.

The Embassy also has received reports that the government would soon permit farmers to withdraw from collectives in certain specified areas. (C Belgrade 1516, 2 Jun 52)

Comment: The controversy between the "realists," those who favor the subordination of traditional Marxist dogma to the stringent demands of economic exigency, and the "doctrinaires," who oppose decentralization of power, capitalistic tendencies, and closer relation with the West, is a continuing phenomenon in the Yugoslav scene.

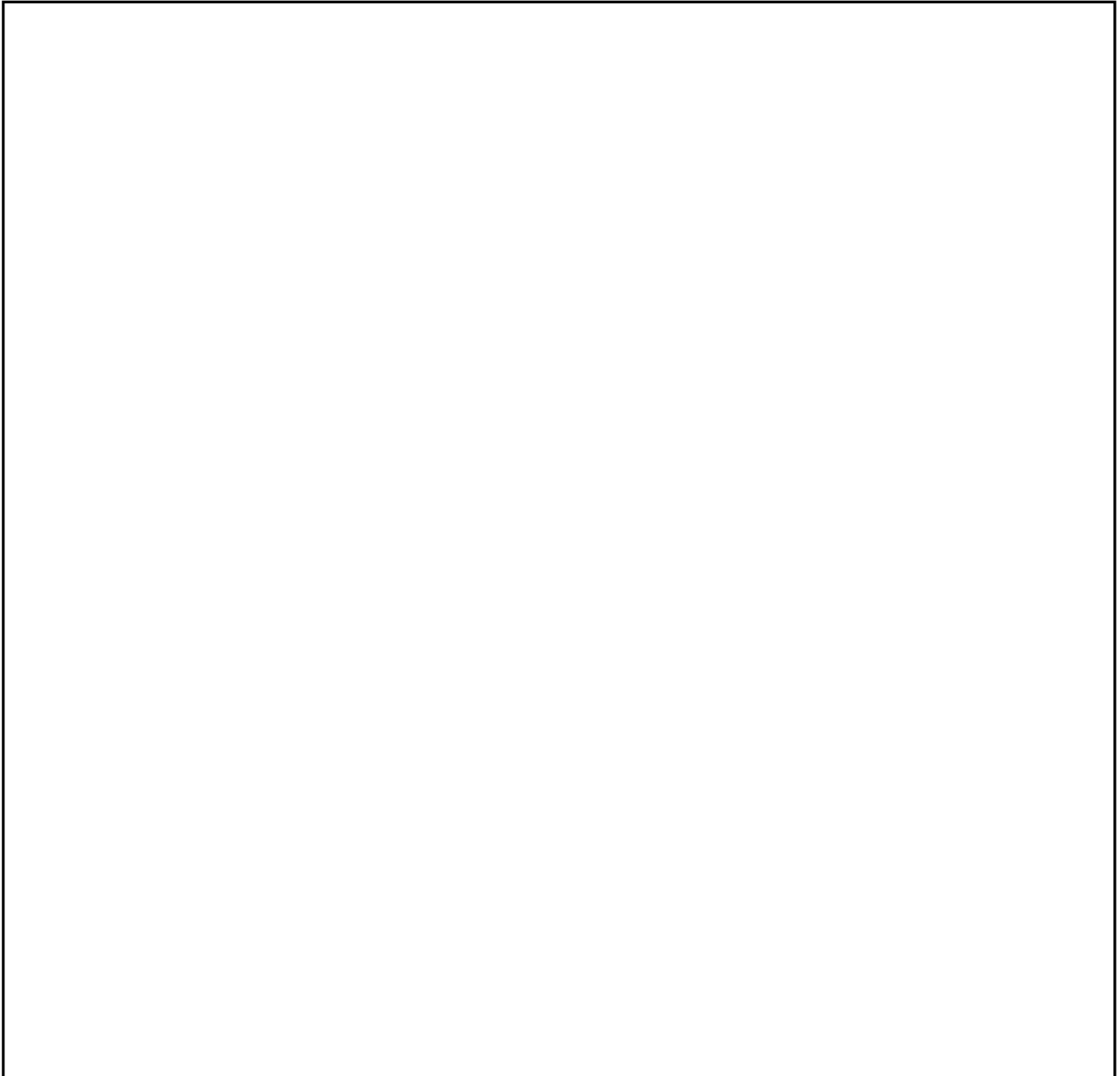
The abandonment of uneconomic collectives in certain marginal areas was hinted last fall during a general review of the collectivization program and has probably been implemented on a very limited scale.

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6. Elements of Chinese Communist 40th Army observed in front lines: The presence of elements of the 40th CCF Army in the 64th Army area is revealed by documents taken from the body of a Chinese soldier which identified him as belonging to the 355th Regiment, 119th Division, 40th Army.

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Far East Command comments that, although there have been reports that the 40th Army was destined for front line commitment, this is the first concrete indication that this Army is on, or has assumed, a section of the front. It notes, however, that despite the "strong indications" that elements of the 119th Division are in the sector previously occupied by the 190th Division, there is insufficient evidence to warrant a change from currently accepted dispositions of the 40th and 64th Armies. (S FECOM Telecon Datt 5862, 3 Jun 52)

7. Chinese battalions reportedly withdraw from Indochina:  
The three Chinese battalions which recently entered Indochina in the vicinity of Lao Kay either have withdrawn or are now doing so. The incursion of these troops was intended to boost the morale of a Viet Minh regiment in that area and to accustom semi-trained Chinese troops to field operations along the Yunnan border without active participation in the Indochina conflict.

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8. Burmese Government limits visit of delegation to Peiping:  
The Burmese Government has placed a thirty-day limit on the passports of four pro-Communist Burmans who recently departed to attend a "peace" conference in Peiping, and has categorically refused an extension.

The American Embassy in Rangoon comments that this development is a further indication of the Burmese Government's increasingly severe treatment of aboveground Communists. (S Rangoon 1155, 2 Jun 52)

Comment: This delegation is at least the sixth Burmese mission, official and unofficial, to visit China or the USSR since October. This is the first instance in which the government has sought to restrict or control the activities of such a mission.

9. Sweeping government victories reported in Burma: According to the Burmese press and official statements, the Communists, Karens and Chinese Nationalists have all sustained defeats at the hands of government forces. More than 100 Chinese are claimed to have been captured, and the low state of Communist and Karen morale has resulted in defections and surrenders.

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(S Rangoon 1155,

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2 Jun 52)

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Comment: These reports remain to be confirmed.

10. Burmese antipathy for British mission continues: The American Embassy in Rangoon reports that relations between the British Services Mission and Burmese military authorities took a turn for the worse as the result of a 24 May conference between the new mission chief and Burmese Commander in Chief Ne Win. The latter indicated that he considered the mission to be practically useless and, in answer to a direct question, stated that he "couldn't care less" whether or not the mission remained in Burma because he could obtain foreign aid from other sources. (S/US Officials Only, Rangoon 1155, 2 Jun 52)

Comment: This report indicates that the high hopes that the new mission chief would smooth the strained relations between the Burmese and the mission were unfounded. The Burmese apparently have tolerated the mission's presence beyond treaty obligations largely as a guarantee for obtaining British military supplies.

While Ne Win did not specify where he expected to develop an alternative source of supply, the Burmese are sending a large mission dominated by military personnel to tour Europe, possibly including Satellite areas, and have also queried the United States about the possibilities of receiving military assistance.

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WESTERN EUROPE

11. East German Border Police expands: A reorganization of the East German Border Police, begun on 1 January, has resulted in a strength increase of approximately 17 percent, with an authorized increase in the strength of the average border unit from 820 to 960 men. The expansion appears to have affected only those units employed on the zonal border.

Reinforcements have been furnished by other civil police organizations as well as by the Alert Police. [redacted] that men of the Alert Police are to hold all key positions and are to act as military drill and weapons instructors. [redacted]

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Comment: The sudden East German decree increasing border security measures on 27 May, and the subsequent establishment of a three-mile security zone, had been carefully planned. In February of this year the Socialist Unity Party was already talking of the necessity of curbing the infiltration of the German Democratic Republic by Western agents. It is indicated that measures were taken several months ago to build up the border police, which are now reportedly replacing Soviet rifle battalions on frontier duty.

12. Communist youth parliament supports East German militarization: At its fourth parliament in Leipzig, the Free German Youth (FDJ) announced last week "sponsorship" of the East German People's Police. The organization was directed by President Wilhelm Pieck to send its best members into the "police" and to work in the factories to produce arms and equipment. Although he did not use the term "national army," Pieck recognized the East German forces as such when he said that the "German Peace Army" would become a worthy ally of the "glorious Soviet Army."

A manifesto issued by the parliament describing the East German Republic as the base for the "liberation" of the German people is supported by Pieck's exhortation to the FDJ delegates to organize "mighty actions" for speeding up the conclusion of a peace treaty with a united Germany. (R FBIS Berlin, 26, 30, 31 May and 1 Jun 52)

Comment: Recent Czechoslovakian, Polish, and Hungarian propaganda has emphasized the need for a "defensive" East German

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army. The transition of East German paramilitary forces into a national army may, however, be effected without any formal announcement, in order to minimize political repercussions in neighboring Satellites.

13. Spain unwilling to control pyrites transshipments to the Soviet bloc: The US Ambassador in Madrid reports that the Spanish Government is reluctant to establish rigid controls over exports of low-grade iron pyrites under financial clearing agreements with Britain and Belgium despite the knowledge that some shipments are being transshipped through Hamburg to East Germany and Czechoslovakia. The Spanish Ministry of Commerce argues that (1) it is difficult to find markets for low-grade pyrites in Western Europe and (2) the United States has not listed pyrites under Title II of the Battle Act.

Furthermore, the Minister of Commerce has indicated informally that Spain is willing to ship to the Netherlands 150,000 tons of low-grade pyrites (35 percent sulphur) in addition to the current quota payable in Belgian francs and possibly in pounds sterling. (C Madrid 1296, 30 May 52)

Comment: Following official protests from the US Embassy in November 1951, the Spanish Government was presumed to have halted direct shipment of about 30,000 of the 100,000 tons of iron pyrites which Spain had contracted to send East Germany in exchange for ammonium sulphate and paraffin. The proposed increase in the Netherlands quota by an estimated 50 percent could provide an additional channel for transshipments of Spanish pyrites to the Soviet bloc.

Although not listed under Title II of the Battle Act, iron pyrites are on the US embargo list.

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(including S/S Cables)

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FAR EAST

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2. Outgoing Vietnamese premier asks for direct receipt of US aid: Premier Tran Van Huu told American Minister Heath in Saigon that he hoped any additional American financial aid for the Vietnam Army obtained by Minister of Associated States Letourneau during his coming visit to Washington would be granted directly to the Vietnamese Government. American aid which passed through the hands of the French, Huu said, gave the latter too much power to intervene in internal political affairs and to maintain excessive privileges in Vietnam. (C S/S Saigon 2383, 2 Jun 52)

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Comment: Bao Dai abruptly dismissed Huu on 3 June and appointed Interior Minister Nguyen Van Tam as his successor. Factors underlying this move appear to be Huu's limited ability and his increasingly open opposition to French power and privileges in Vietnam.

Tam has been praised by the American Legation for his energy and ability. He possesses a long record of close and harmonious collaboration with the French.

EASTERN EUROPE

3. Hungary may have adopted new travel policy for diplomatic personnel: The US Legation in Budapest reports that the conditions attached to a reply by the Hungarian Government to a recent travel request may indicate a new travel policy for Westerners. The Foreign Office stated that a travel permit to Belgrade could be issued only for travel by rail and not by road. (R S/S Budapest 892, 2 Jun 52)

Comment: Since the Hungarian railways are under close political police surveillance, diplomatic personnel can be watched much more easily there than on the highway.

Travel by foreign diplomats in Hungary is restricted to a radius of thirty kilometers around Budapest, and they are excluded from one area inside the radius. In the past, however, requests for transit across the country have been honored.

WESTERN EUROPE

4. Germans react favorably to proposed Allied countermoves in Berlin: West Berlin's Mayor Reuter approves of the American proposal to increase stockpiles in Berlin to provide a 12-month rather than a 6-month reserve of fuel and food, as a demonstration of willingness to assist Berlin. Reuter points out, however, that such a program would entail heavy costs and additional construction, since all available depots are already full.

Meanwhile, a report from the High Commissioner's office in Bonn states that the US proposal to stage a brief display of American air power in Berlin in the near future would

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have a salutary effect in West Germany. The report adds that even the small demonstration of power involved in the recent movement of several truckloads of armed American troops along the Berlin autobahn was favorably received. (TS Bonn 3180, 1 Jun; S Bonn 3179, 1 Jun 52)

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